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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 004083

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SUBJECT: DEPUTY SECRETARY'S PAKISTAN MEETINGS ON REGIONAL
ISSUES

Classified By: Anne W. Patterson, for reasons 1.4 (b)(d)

¶1. (C) During a lunchtime session of the Strategic Dialogue September 13, the Deputy Secretary and Foreign Secretary Riaz Khan discussed regional issues. Khan said that despite some successes, Pakistan is disappointed about the lack of progress on "real" issues in the Indo-Pak dialogue. Khan quietly noted GOP concern about the U.S.-India Nuclear Agreement and expressed concern about resolving the Palestinian conflict and what he termed the standoff with Iran. The Deputy Secretary briefed Khan on the situation in Afghanistan and Iraq. End Summary.

India

¶2. (C) Khan confirmed that routine talks under the umbrella of the Composite Dialogue continue, and there was continuing progress on cultural, people-to-people and intelligence exchanges. On trade, he said that Pakistan was implementing the South Asia Free Trade Agreement and has approved 1,076 of 4,000 items as tariff-free. But India continued to throw up roadblocks in the form of multiple non-tariff barriers, especially on textiles. An Indo-Pak working group has been established to review these issues but what is needed, according to Khan, is movement on the real issues of Kashmir, Siachen, and Sir Creek. There has been some improvement on Kashmir, but it remains tense and the negotiations "breakthrough" has been exaggerated. Pakistan has been disappointed on Siachen because India is resisting Islamabad's proposed compromise to establish a schedule for disengagement of the armed forces. The continued human presence is eroding the glacier and creating environmental damage. Progress on the Sir Creek mapping is the best confidence building success at the moment. Khan said he did not see a possibility of resolving larger border transit issues until there was first movement on political questions. There has been no progress on resolving Indo-Chinese border issues, but Khan believed that neither side wants to disrupt the status quo by using force.

Afghanistan

¶3. (C) The Deputy Secretary noted the successful trilateral meeting in Kabul with Pakistani and Afghan Presidential Advisors Aziz and Rassoul. On the security situation, there had been an intensification of Taliban activity but this did not necessarily mean they are stronger as NATO/ISAF forces had also increased their activities. The Afghan forces remained modest in size but both their quality and quantity were expanding. The Taliban have no political agenda.

Narcotics production was a growing problem, especially in Helmand Province, and President Karzai was committed to eradication by forms other than spraying.

14. (C) The Deputy Secretary said he had sensed an improvement in President Karzai's attitude towards Pakistan, but he encouraged further efforts to improve bilateral relations. The Peace Jirga and proposals for follow-on jirgas was helpful. On the Taliban's recent offer to open negotiations, he said that it was not yet clear who was speaking with what authority. One should not rule out leaving the door open for those willing to walk through it. In an earlier introductory meeting with Khan, the Deputy Secretary suggested that Musharraf and Karzai open the sub-jirga meeting as a way to demonstrate a continued bilateral commitment to the process. Khan was noncommittal in his response.

15. (C) Khan noted the need for Afghanistan to re-establish the national consensus that fell apart after the withdrawal of Soviet forces. The Taliban problem and their Pashtun identity should be seen in this context. There was a need for economic development and political outreach through the jirgas to isolate the militants and engage those Taliban elements who could be reconciled with the government. Khan repeated the GOP mantra that there is no country other than Pakistan with a greater stake in a stable Afghanistan. He acknowledged possibilities for linking Pakistan with Central Asia through Afghanistan, especially for gas pipelines. Pakistan, he said, continues to bear the burden of Afghan refugee camps where terrorist and criminal elements thrive. It was important to send the children home to get a proper non-madrassa education; he speculated that perhaps the UN should increase the repatriation stipend and assist this

ISLAMABAD 00004083 002 OF 002

process.

Iraq

16. (C) Khan noted he had seen Ambassador Crocker's recent congressional testimony and repeated that Pakistan believed a multi-national force acceptable to all Iraqi parties could help the Iraqi security situation. The Deputy Secretary said he found Ambassador Crocker's statement encouraging. We had made progress on security but it would take time. There has been a growing realization in many circles in Washington that we cannot abruptly pull out.

Middle East

17. (C) Khan expressed concern about the continuing situation in Palestine and "your" standoff with Iran. These issues aggravate the situation and have a spillover effect. The Deputy Secretary said that the Secretary is personally committed to making a sustained effort on Palestinian-Israeli talks. On Iran, we have serious concerns and are not encouraged by Iran's current behavior. They are using diplomacy to buy time to extend their nuclear program and their support for radical elements in the Middle East. We have found evidence of their shipment of equipment to the Taliban.

U.S.-India Nuclear Agreement

18. (C) Khan noted that the U.S. understood Pakistan's concern with the U.S.-India Nuclear Agreement. Pakistan did not want India to be able to use spent fuel from civilian reactors to enhance its nuclear weapons capacity. The main thrust of Pakistan's concern was to prevent an arms race in South Asia. Khan said that Pakistan had approached the Nuclear Suppliers Group to seek support because Pakistan needs civilian nuclear capacity to meet growing energy needs. Ambassador Durrani noted that the National Command Authority statement on the

U.S.-India Agreement included nothing new; Khan indicated he had been unaware of any promises Pakistan made not to comment publicly on the Agreement. The Deputy Secretary noted that the Agreement was subject to continuing controversy in India itself; we were addressing Pakistan's energy needs in the Strategic Dialogue.

¶9. (U) Meeting attendees included: (U.S.) Deputy Secretary John Negroponte, D/Mary Sue Conaway, SCA/Caitlin Hayden and Embassy Political Counselor Candace Putnam (notetaker). (Pakistan) Foreign Secretary Riaz Khan, Pakistan Ambassador to the U.S. Mahmud Ali Durrani, MFA Secretary (Americas) Shahid Kamal, Secretary, Prime Minister's Secretariat Zamir Akram, MFA DG (UN) Attiya Mahmood, MFA Spokesperson Tasnim Aslam, MFA DG (Americas) Sohail Mahmood, MFA DG (Disarmament) Qazi Khalilullah, MFA Director (FS Office) Babar Amin, Director (Americas) Mansoor Ahmad Khan and Assistant Director (Americas) Haseeb bin Aziz.

¶10. (U) The Deputy Secretary's staff has cleared this message.

PATTERSON